

Triennial Audits

A comprehensive approach

Mercer Government
Ready for next. Together.



Case study



Situation

The 2016 Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule (42 § Code of Federal Regulation [CFR] 438.602[e]) requires state Medicaid programs to conduct an encounter and financial data audit of managed care organizations (MCOs) at least once every three years. The purpose of this regulation is to **ensure high quality encounter** and financial data for managed care capitation rate development, risk adjustment, program monitoring/oversight, and other data analytic needs.



Challenge

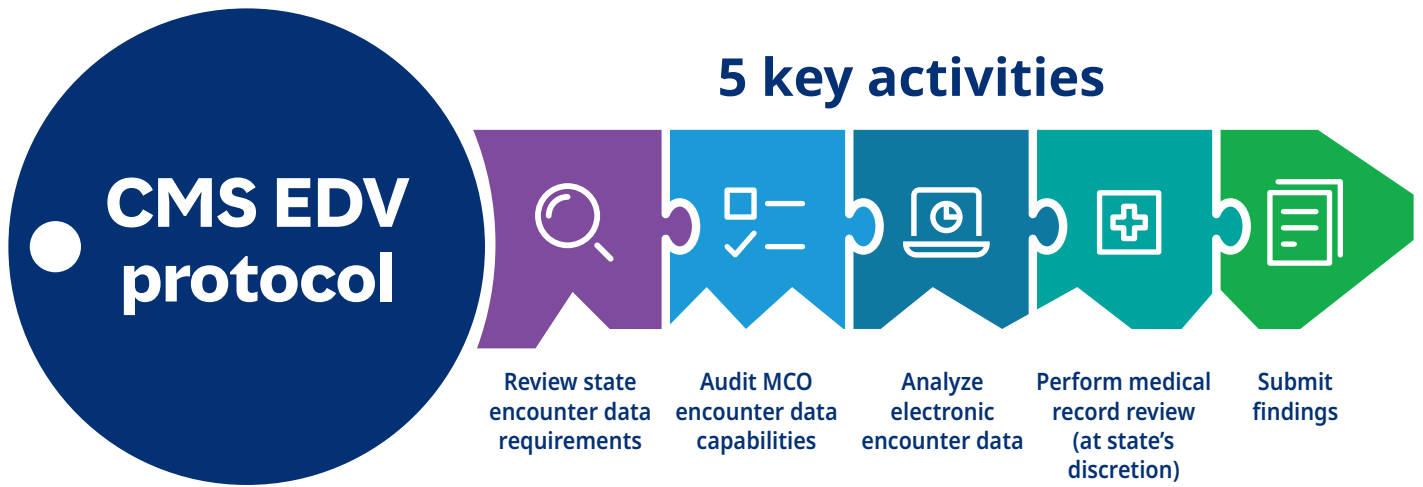
The Department of Health and Human Services, Office of Inspector General Data Brief from March 2021 stated that most states did not provide the Centers for Medicare and Medicaid (CMS) complete or accurate data on Medicaid managed care payments to providers, however, Mercer Government's extensive experience working with encounter data has shown that the completeness and accuracy of data is dependent on many variables. These variables include, but are not limited to, the state's encounter submission standards, the state's Medicaid Management Information System (MMIS) capabilities, the MCO's claims and encounter data management practices, as well as each stakeholder's understanding of the data. Therefore, the design of any encounter data audit/validation project should **identify and address those specific variables** in the audit findings.



Action

Mercer Government's comprehensive approach to conducting the required triennial audits aligns with the CMS External Quality Review (EQR) Protocol 5 for encounter data validation (EDV).





Because activity four – Medical Record Review – is both time and resource intensive, Mercer Government offers our clients enhanced encounter data analyses utilizing macro-analytics to assess data integrity, data completeness, and data accuracy to meet regulatory requirements.

Data integrity – evaluates the state’s encounter extract records for population and reasonableness rates of key fields.

Data completeness – compares the state encounter records to the MCO submitted claims extracts to evaluate the percentage of records that match between the two data sources.

Data accuracy – measures the degree to which key fields are populated with identical values between the two data sources.

Mercer Government then seeks to understand **the root cause of any data discrepancies** recognizing that data quality is often not a function of the data itself, but rather the systems and processes related to the data.



Results

A recent state Medicaid agency encounter data validation project revealed that while the client had robust and mature encounter data management practices, the MCOs had varying degrees of knowledge, processes and systems related to their claims and encounter data management practices. These variances in capabilities impact the encounter data the state receives and submits to CMS.

Additionally, because of the state’s MMIS processing logic and/or financial reporting requirements, the MCOs must adapt specific claims information in order to submit the corresponding encounter successfully. Identifying and documenting these particular data details is crucial to demonstrating that our state client’s encounter data management practices are appropriate given the state’s financial reporting needs and any inherent MMIS limitations. Mercer Government is committed to providing our state Medicaid clients with financial and encounter data audit solutions that **meet regulatory requirements** and provide **reliable, actionable insights** on servicing their managed Medicaid constituents.

Reach out to your client leader for more information specific to your state or email us at mercer.government@mercer.com.

For more information

Visit our website at www.mercer-government.mercer.com to view our experience, services, and client feedback.

